

Creating your Business Plan



By Daryl Kulak

Ah, the business plan. The bank wants to see it before they lend you money. Potential partners want to look at it to see the direction of your business. And, most of all, you need it to give you a sense of where you are headed with the business, what your goals are, and what the means are to get you there.

But what is a business plan? The Small Business Administration says, “A business plan precisely defines your business, identifies your goals, and serves as your firm’s resume.”

Is a business plan just a bunch of numbers? Here is where a lot of people go wrong. A business plan is much more than finances. The finances must follow the “direction.” And the direction cannot be stated in terms of dollars and cents.

For this reason, I tend to use the phrase “dreaming forward” when describing the business planning process. That’s what it’s really about for me. Dreaming about possible futures, what you really want in your life, the results, the journey, and the people you want surrounding you. Then, the power of intention can take over and help you achieve what you have created in your mind.

Who Needs A Business Plan?

Whether your bodywork business is nothing more than a twinkle in your eye, or it’s been operating for twenty years, you need a business plan.

Here are some reasons why:

- **Efficient use of your time.** Unless all your “effort arrows” are pointed in the same direction, you’ll be putting out a lot of energy and getting nothing back.
- **Clear marketing.** Knowing whom you are serving and the problems you’re solving are critical to your marketing efforts.
- **Bank loan.** If you ever need to get a loan for the business from a bank, or even a family member or friend, you’ll be in a much better position if you have a comprehensive, professional business plan.



- **Investor.** If you want to take on investors in your business, including partners or silent partners, you will need a business plan to seal the deal.
- **Training decision.** You’ll refer back to your business plan each time you have an opportunity to participate in professional training. If the training class will further your plan, take it. If not, skip it.

First, Get Personal

Before you can decide on the goals for your business, you should create a set of personal goals. Your business is just a tool to help you achieve what you want in your personal life (i.e., comfortable retirement, making a difference in the world, a house in the suburbs, college tuition for the kids, fulfilling a desire to teach, etc.).

List your personal goals under categories such as family, relationships, spirituality, finances, education, and



health. Write down as many as you can. You don't have to prioritize them; the important thing is to just get them on paper. Personal goals can be tangible (lose twenty pounds) or intangible (be a devout Buddhist). Try to think of at least five goals in each category, but don't limit yourself.

You need to create the list of personal goals so you can compare them to your business goals and make sure you are not creating contradictions between your personal life and business life.

Business Direction—Mission, Vision, Values

There is no more important section in your business plan than your mission, vision, and values, which make up the direction your business will take. The mission you decide on is what your business was born to accomplish—the people it helps and the problems it solves. Vision is how the world will be different once your business has accomplished its mission. And values are the guideposts your business must obey on the way to accomplishing its mission.

In deciding on your mission, create a mission statement. Good ones are clear and specific in terms of the details. This is not the place to be vague. Great mission statements are short and contain a specific group of customers and a specific problem being solved.

Here are some examples of great mission statements: “We help new psychics and healers emerge.” “We help homeless and foster kids feel safe.” “We help fibromyalgic women cope with chronic pain.” “We help stay-at-home moms release worry.”

Here are some not-so-good mission statements: “We help people in a holistic way—mind, body, and spirit.” “We use craniosacral and neuromuscular massage to ease the pain away.” “We help people experience transcendence and enlightenment in a safe environment.”

Your vision statement is the “world problem” this business wants to be part of solving. World hunger? World peace? Yeah, maybe. But there are zillions of world problems. People worry too much. That's a world problem. Holistic health professionals don't have the business skills they need to do their work. That's a world problem (the one I've picked for my business.)

So, you see, you can pick any world problem you want to be a part of solving. However, the hard part is, you should only pick one. We all want to be part of solving every world problem. But focus is the key in a small business.

Will your business be able to solve that world problem all by itself? Of course not. But your business can play its part. Here are some examples of great vision statements (specific and problem-solving): “Weekend athletes recover quickly and holistically from their sports injuries.” “Parents understand the natural options available for attention deficit disorder, attention deficit/hyperactivity disorder, and autism.” “Fibromyalgic women are able to lead normal lives.”

Here are some examples of not-so-good vision statements (usually too vague or too practitioner-oriented): “All people live in health and happiness.” “People experience craniosacral as the huge benefit that it is.” “I make \$100,000 every year.”

If the mission and vision define the destination, values define the path. Values are the qualities that we hold dear as we're doing business. Examples of values include positive attitude, integrity, and client education.



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Document an example or explanation of each value in this section of your business plan. If you can't think of an example or explanation, you should probably drop the value because it may be too general or vague.

Getting It Done—Objectives, Strategies, Scenarios

Now that you've described what you want to accomplish with your business, you'll explain in simple terms how you intend to accomplish it through objectives, strategies, and scenarios.

Objectives are time-bound goals that will support your mission, vision, and values. When you think about it, you'll see hundreds of ways you could go about accomplishing a mission statement like, "We help stay-at-home moms release worry." With your objectives, you state a few concrete steps you will take in, say, the next six months, that will move you toward that mission. It might look like this:



- Research how many stay-at-home moms are in my area.
- Find out where they go to meet.
- Write a speech about how massage and Bach flower essences can help relieve worry.
- Book myself as a speaker for at least three stay-at-home mom events.
- Find an office.
- Recruit at least three advisors who know a lot about running a business.

Strategies are how you will achieve the objectives. Try not to get into too much detail here. The best-laid plans have a way of deteriorating when exposed to the real world, so keep your list of strategies simple:

- Spend at least four hours a week on marketing.
- Get to know my target audience and what their problems are.
- Define and price at least three new services in the next three months.
- Write down my procedures for client intake and answering the phone.

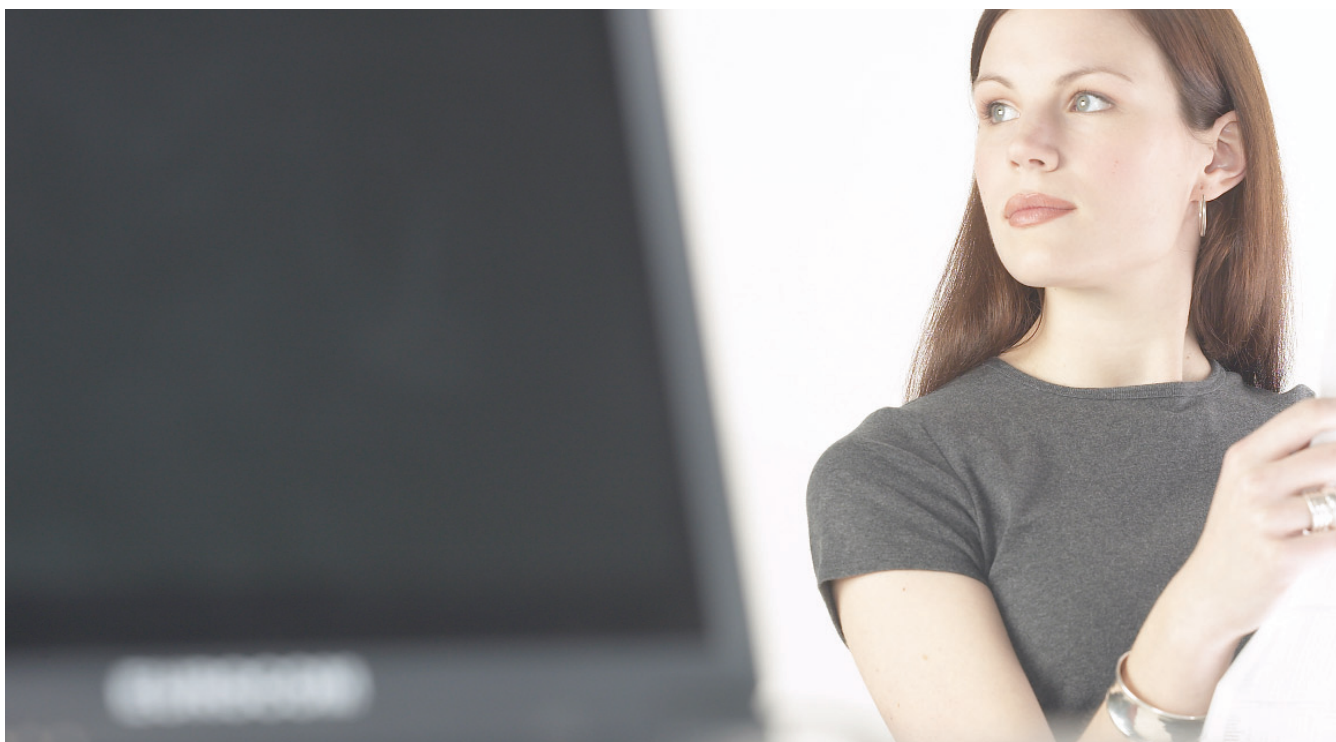
In many business planning classes, you are told to write a set of steps and stick to it. What kind of advice is this? Circumstances change, things change. What do you do then? There is a better way to plan. It is called scenario planning. Large companies use this type of planning and small businesses are starting to do it, too.

Scenario planning is a way to try to anticipate what might occur with your business and then plan your best response. You can't imagine everything that could happen, but chances are you are aware of many of the possibilities. So plan for them.

Let's look at some examples:

- We get too many appointment requests for a single day.
- We don't get enough clients week after week.
- People can't understand what our main therapy, Feldenkrais Method, is and how it could benefit them.
- The state medical board begins an investigation of our practice.
- A larger business wants to merge with our practice.
- We have a dispute between two therapists.
- We have a customer complaint.

For each event, you formulate a plan before it happens. As you can imagine, this section can go on forever. Limit it based on your own intuition about the most likely things to happen. Remember to include a representative number of positive and negative events.



Financial Projections

This might be the section you think about, or dread, when you think of a business plan. But it is only one piece to the entire puzzle. Banks, potential investors and partners, and even employees will want to see how you project the financial future of your business.

This section should include last year's financials, financials from two years ago, current year-to-date financials, projections to year-end, and next year's financials.

If your business is new, of course, you will not have financials from previous years. In that case, you may want to show your own personal earning power by revealing your personal income from wages at a job. New business owners are at a disadvantage, to be sure. However, it may help to remember that every successful business owner was a new business owner at one time, and they were in the same situation you are now.

What does it mean to document financials? To a businessperson, this means a certain set of financial documents: balance sheet, income statement (also called "profit and loss"), and cash flow forecast.

A balance sheet is a point-in-time snapshot of your business. It shows what you own (assets), what you owe (liabilities), and what you're worth (owner's equity).

An income statement describes a certain period of time and how the company performed during that period. An income statement shows the total amount of money that came in (revenue), the money spent (expenses), and what was left over (net income). If what was left over was negative, that means your expenses exceeded your revenue, and you have a net loss.

A cash flow forecast is a prediction of the money coming in and out, usually done weekly. You itemize the revenue items (appointments, product sales, etc.) and the expenses (rent, utilities, office supplies, laundry, etc.). The purpose of the cash flow statement is to understand how much of a financial cushion you'll need to cover the ups and downs of your business. It also shows an investor or banker how much money your business will pump out week to week, which may give them the confidence to get involved in your business.

If you don't know enough about these financial statements to do them for your business plan, you should buy a software program like Intuit QuickBooks or Peachtree. If you need more help than that, consult an accountant or bookkeeper. Financial statements are not optional. Every business plan must have them.

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Funding Plan And Investment

To obtain the funds to get your business going initially, to keep it going, or to make improvements, bankers and investors will want to see a well-thought-out plan.

It's okay to say, "I want to find someone to invest \$50,000 by December 2008, but I don't know who that person is yet." The important thing is to state a specific financial goal and a date. They will understand you haven't found the person or company who will invest yet.

List your current and projected loans here, too. You may be planning to borrow money from banks or friends and family. List what you have and what you expect to have. It is good to explain why you desire this money and what you will do with it once you get it.

Why would I borrow money for my single-person business? Investors? This isn't as strange as it sounds. Some people don't have big plans for their businesses. But most of us do. What are your big plans? What's stopping you from pursuing them? Money? Investors put money into small businesses every day. Why shouldn't they be investing in your business?

Market Analysis And Landscape

Bankers, investors, and potential partners will want to see you've done your homework and you've picked

a business idea that will work. Likewise with an existing business, they'll want to see that your business has the potential to continue to thrive and expand. And for your own planning purposes, you need to see how large the market is for your services and how you can continue to serve it in a profitable way.

Here is an example of a market analysis. In order to do this effectively, you will have had to create unique, specific mission and vision statements that are meaningful in terms of your clients.

One sample mission statement could be, "We help people on their weight-loss journey." Let's break this down into a market analysis.

1. There are 1.5 million people within a fifteen-mile driving distance of my clinic.
2. Of those, 50 percent are overweight, based on a national study done by the National Institutes of Health. That's 750,000 overweight people.
3. Of those, 25 percent are actively doing something about their weight, according to a study done by Weight Watchers, which gives us 375,000 people actively on a weight-loss journey.
4. Of those, 30 percent are open to alternative medicine, according to another study, which gives us a target market of 112,500.

A Business Plan Format

The Goal

Mission. What your business will accomplish.

Vision. The world problem your business will participate in solving.

Values. Guideposts along the road to success that your business must adhere to.

The Plan

Objectives. Time-bound goals that will further your mission.

Strategies. The ways you choose to accomplish your objectives.

Scenarios. Positive and negative things that could happen outside your control and plans for how your business will react.

The Details

Financial Projections

Funding Plan and Investment

Market Analysis and Landscape

Marketing Plan



5. I feel I can market to five thousand of those people through my writing, speaking, and networking in the upcoming year.
6. Of the people who hear my message and who are in my 112,500 target market, I estimate 20 percent will be ready for what I have to offer and will book an appointment. That will give me one thousand appointments this year at \$80 per appointment, for a total of \$80,000.

This sort of reasoned market analysis can give you and your partners, investors, and bankers a good feeling that there are enough customers out there who will use your services. Base as many of your assumptions on existing studies as possible, and be conservative in all your estimates.

If you have not picked a clear target audience through your mission and vision statements, you can see how hard this market analysis would be. You would have to base everything on the number of people who are aware of and wanting to try your particular modality (e.g., neuromuscular massage, reiki, etc.), which will be a much smaller number (0.5 percent of the population?) than the number of people with a specific problem (overweight, fibromyalgia, worry too much, etc.).

Marketing Plan

Once you have shown there is a market for your services, you need a good plan to reach it. This is your marketing plan. Your marketing plan should have two sections—brainstorming and a schedule.

In the brainstorming section, include ideas of how you can reach your target audience. Some of the best ideas for bodyworkers to reach prospective customers and create trust are speaking, publishing, and networking. Speaking in front of a collected group of fibromyalgia sufferers is a great way to get new clients.

Secondary marketing techniques might include advertising and public relations. While these are good ideas too, they do not create the trust in your prospective clients the way speaking and networking do.

Finally, create a schedule. For each month of the upcoming year, decide how much time you can spend doing marketing and what you will do in that time. Also, decide how much money you can spend and how you will spend it. (Make sure to put those marketing



expenses back into your cash flow forecast and income statement in the Financial Projections section.)

You're Done

The process of creating a business plan can take weeks or months. Usually, your other commitments and the need to research are what will slow you down.

Seeking out a business planning class at your local college or finding examples of business plans on the Internet are additional ways to approach this important task. Find someone who has started several businesses themselves (holistic or not) and ask if they can help you formulate your thoughts in the form of a business plan.

It's important to update and/or review your business plan at least every six months, if not more often. It will help you stay on track and remain focused. Nothing is more valuable to helping a business succeed. **SBH**

Daryl Kulak is president of the Simplicity Institute, a business school for the holistic healthcare community (www.simplicity-institute.com).